

FISCAL NOTE

SB 283 - HB 1781

March 20, 1997

SUMMARY OF BILL: Requires managed care organizations and other health insurance plans to allow any beneficiary free, full and absolute choice in the selection of a health care provider or facility. This is commonly referred to as *any willing provider provision*.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$5,000,000/Over Time
Increase Local Govt Expenditures * - Exceeds \$1,000,000/Over Time

Assumes that the provisions of the bill will result in an estimated increase in expenditures to the state employee health plan; increased expenditures to local governments utilizing the state health plan or private plans, and ultimately an increase in capitation rates paid in the TennCare program.

This estimate is based on the following:

- An incentive presently exists for health care providers to accept set fee schedules or agree to discounts against usual and customary fees in order to be a part of large health care plans.
- Even though contracts with health care providers may not specifically guarantee a volume of patients, it appears logical on the part of the provider to conclude that such plans bring with them incentives or mandates for plan members to use providers in the plan.
- Allowing an increased number of providers into a plan reduces the likelihood that a provider will receive a significant amount of business as a result of being a member of such plan, removing most of the incentive for that provider to accept set fee schedules or agree to specified discounts against usual and customary fees.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director